

Health and Productivity Management

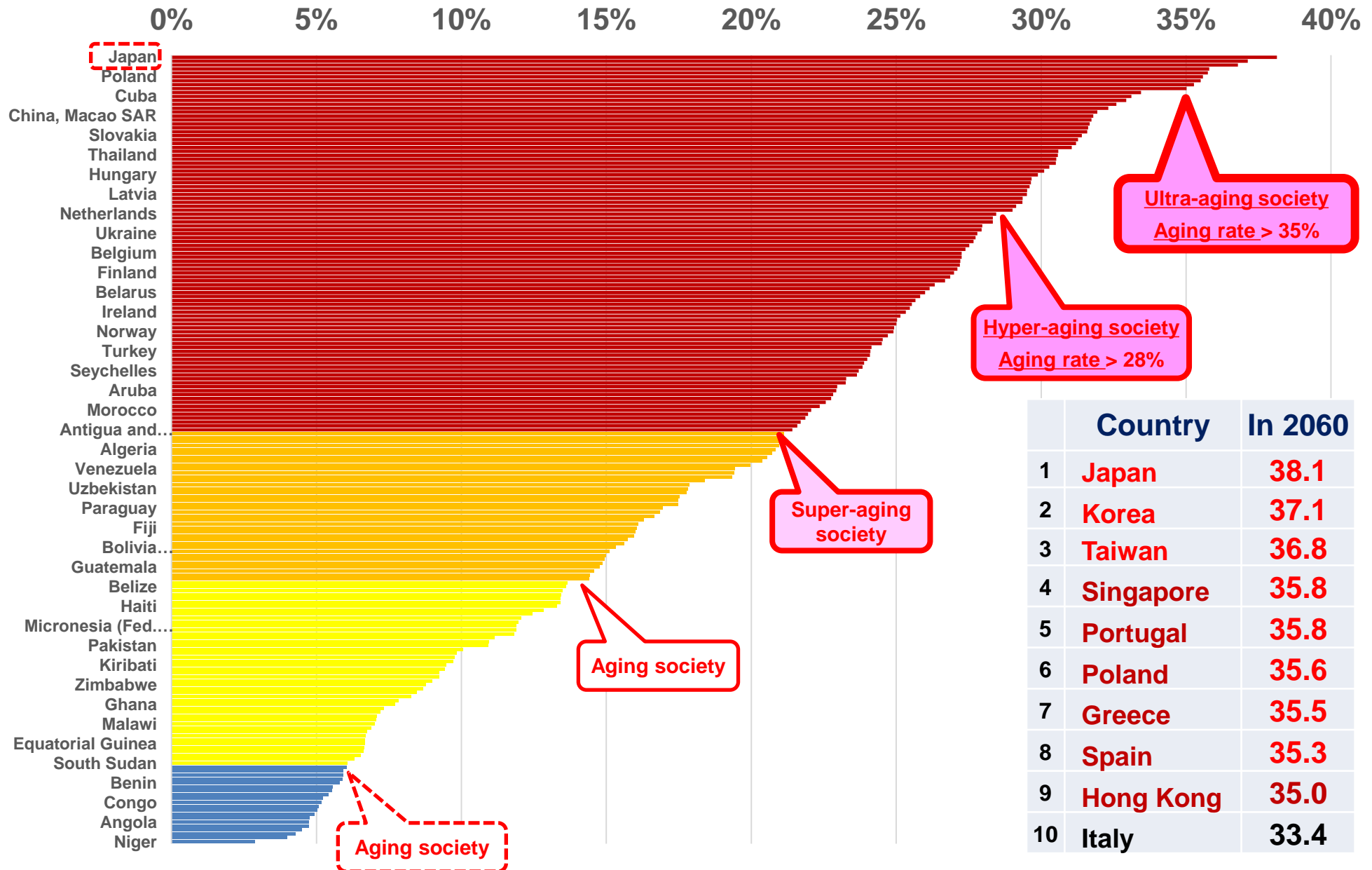
April 2023

Commerce and Service Industry Policy Group

Ministry of Economy, Trade and Industry

Aging Society: Estimate for 2060

Aging rate: Ratio of the population aged 65 and over to the total population



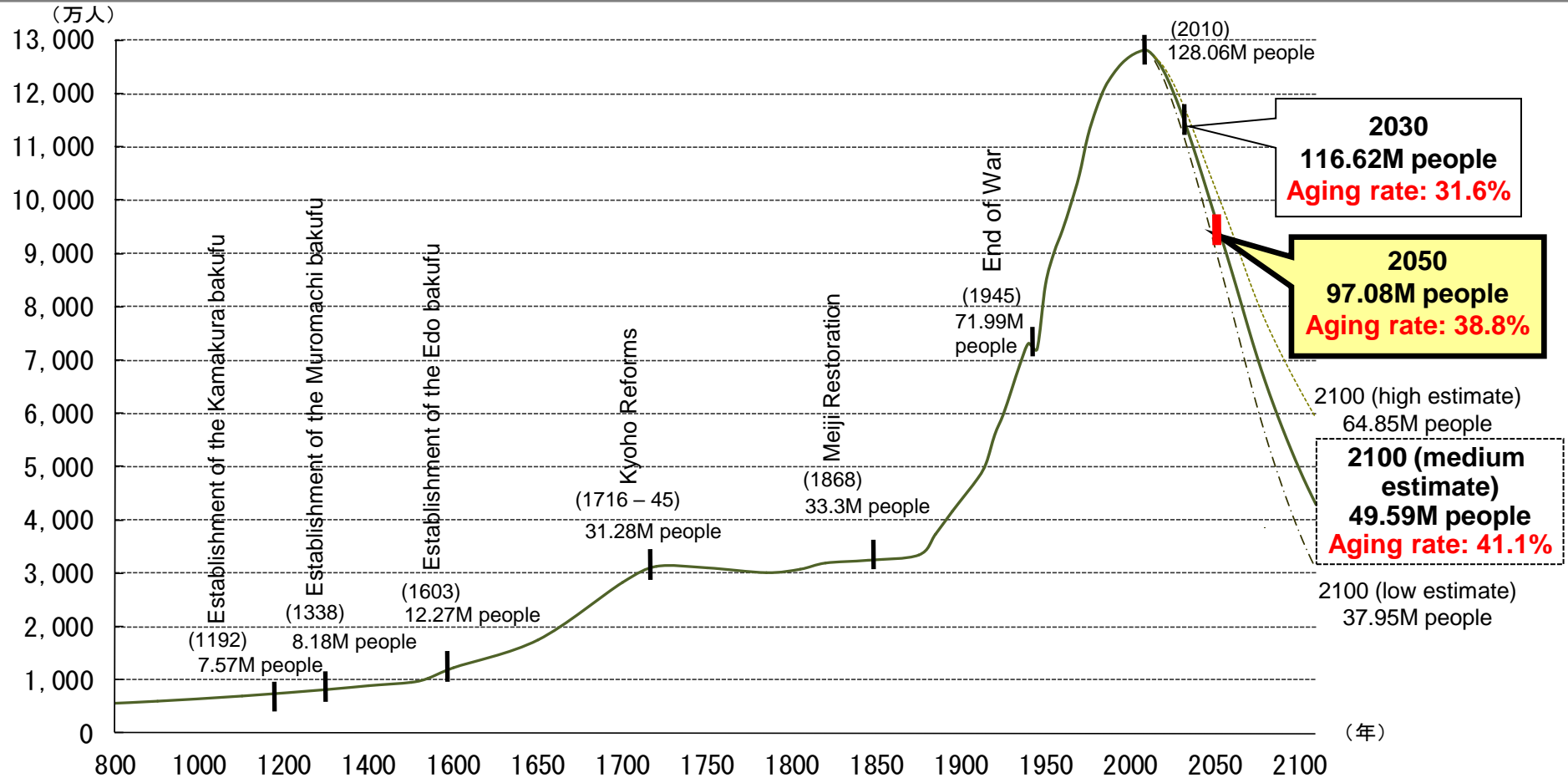
Source: Partially adapted the data from Mr. Toshihiko Hasegawa, President of the Institute for Organization for Advanced Healthcare Innovation

Long-Term Trends and Future Estimates of the Total Population

Japan's total population is likely to return to the level it was 100 years ago (in the late Meiji period) in the next 100 years.

This change has been unprecedented in the past 1,000 years, with a very rapid decline.

⇒ **It is essential to promote investment in health, enhance working generations' vitality, and extend healthy life expectancy, etc.**



Source: Population figures before 2010 were prepared by the National Spatial Planning and Regional Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism, based on the "National Census" (Ministry of Internal Affairs and Communications) and the "Long-term Time-series Analysis of Population Distribution Change in the Japanese Archipelago" (National Land Agency, 1974).

The population figures since then were prepared by the National Spatial Planning and Regional Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism, based on "Population Projections for Japan (January 2012)" (National Institute of Population and Social Security Research)

Changes in Social Security Benefits (1965-2019)

Pension

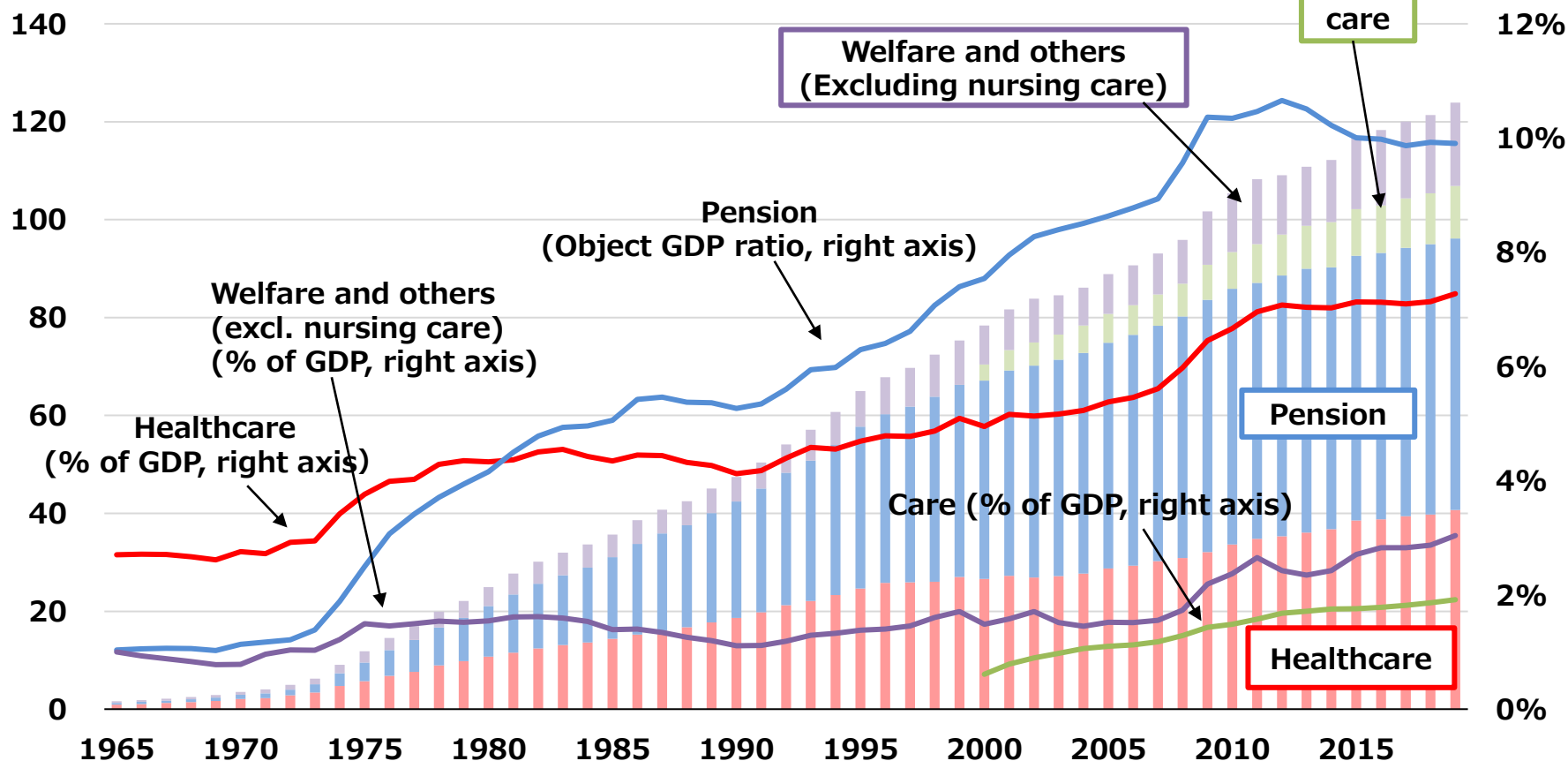
Care

Healthcare

- Social security benefits have increased in all sectors (health care, pensions, long-term care, and others).

Social security benefits
(trillion yen)

Social security benefit payments
(% of GDP)



Figures for social security benefits in ILO standards.

"Pension" includes public pensions such as welfare pensions and national pensions, pension benefits, and pension benefits of workers' compensation insurance.

"Long-term care measures" include long-term care insurance benefits, long-term care assistance under public assistance, partial contribution under the Long-Term Care Insurance Law for A-bomb Survivors, and long-term care leave benefits. Since 2000, when the long-term care insurance system was introduced, "long-term care measures" were separated from "welfare and others".

(Source: Compiled by the National Institute of Population and Social Security Research, "Social Security Cost Statistics for Fiscal Year 2008")

Our approaches to creating and developing the healthcare industry

demand side

- (1) Promotion of “Health and Productivity Management”, (H&PM)
(Organizations see employee health as an investment, not a cost, and promote it as part of human capital investment.)



supply side

- (2) Creating new services using Personal Health Records (PHR) : Physical checkup results and daily pulse rate and step count data
- (3) Promoting social implementation through ensuring the reliability of healthcare services
- (4) Support for venture promotion and international expansion



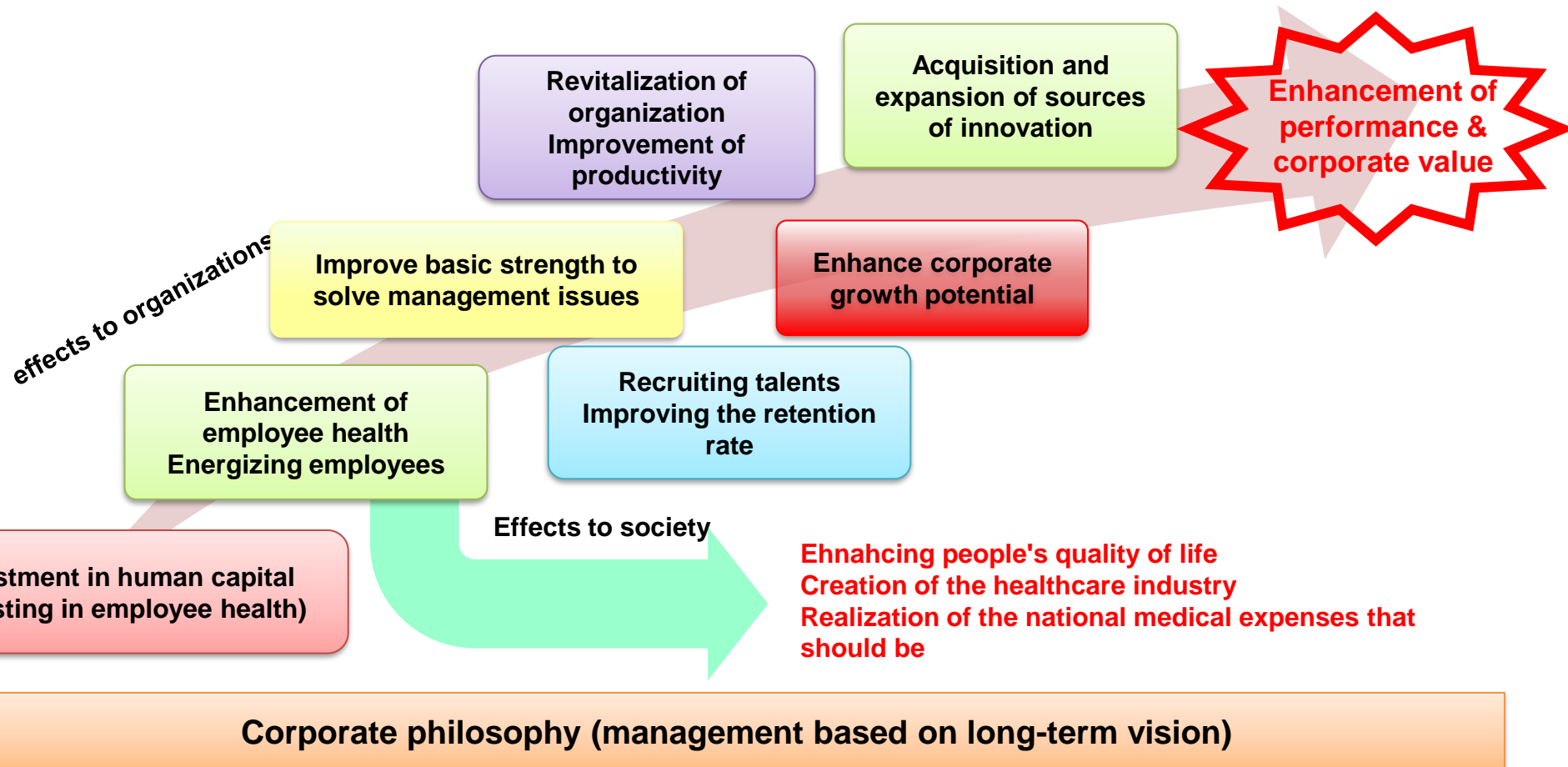
Promotion of public health

Contributing to building a sustainable
social security system

Economic growth

Promotion of “Health and Productivity Management”

- H&PM refers to the strategic efforts to maintain and promote the health of employees, understanding they are **investments** to enhance the profitability, etc. from the view point of **business management**.



Overview of H&PM Application

Evaluation Framework of H&PM Survey	
Four Criteria	Main contents <Examples>
1. Management philosophy	<ul style="list-style-type: none"> ➤ Commitment of top management
2. Organizational frameworks	<ul style="list-style-type: none"> ➤ Participation in the study of health measures by industrial physicians and public health nurses
3. Systems and measures	<ul style="list-style-type: none"> ➤ Identify employee health issues ➤ Conduct training to improve health literacy ➤ Measures: improve diet habit, promote exercise opportunities, respond to mental health disorders, and measures against passive smoking, etc.
4. Evaluations and improvements	<ul style="list-style-type: none"> ➤ Verification of the effects of the measures ➤ Improvement of measures based on the results

Examples of measures

Financial support for gym use



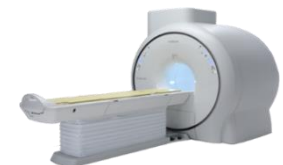
Provision of wearable devices



Health promotion seminars



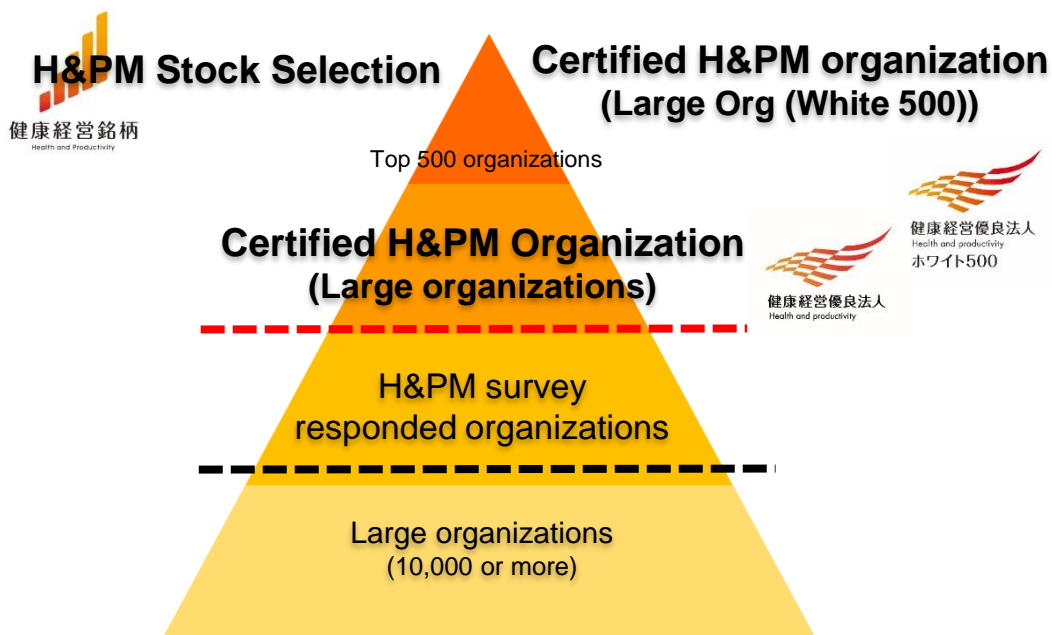
Subsidies for medical checkups



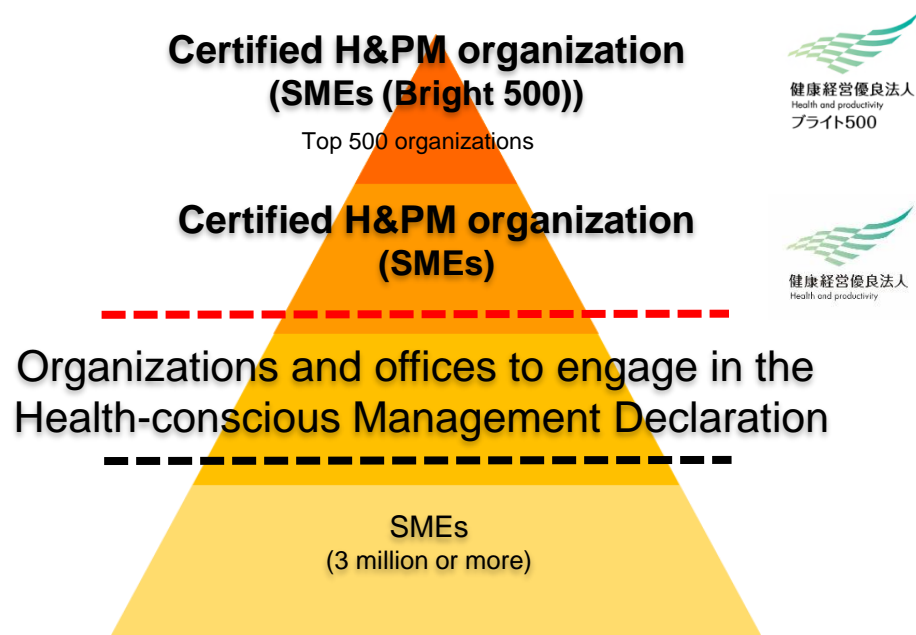
Visualization of organizations working on H&PM thru award program

- There are certification programs for H&PM organizations in JAPAN.
- METI and Tokyo Stock Exchange jointly conduct H&PM Stock Selection.

Large organizations, etc.



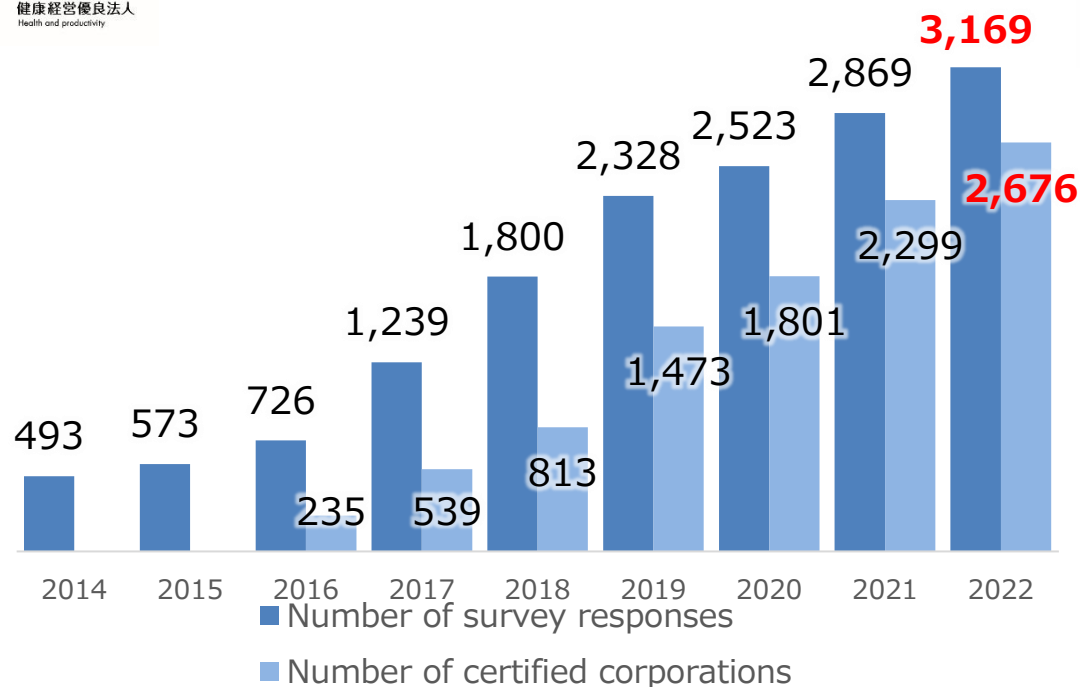
SMEs, etc.



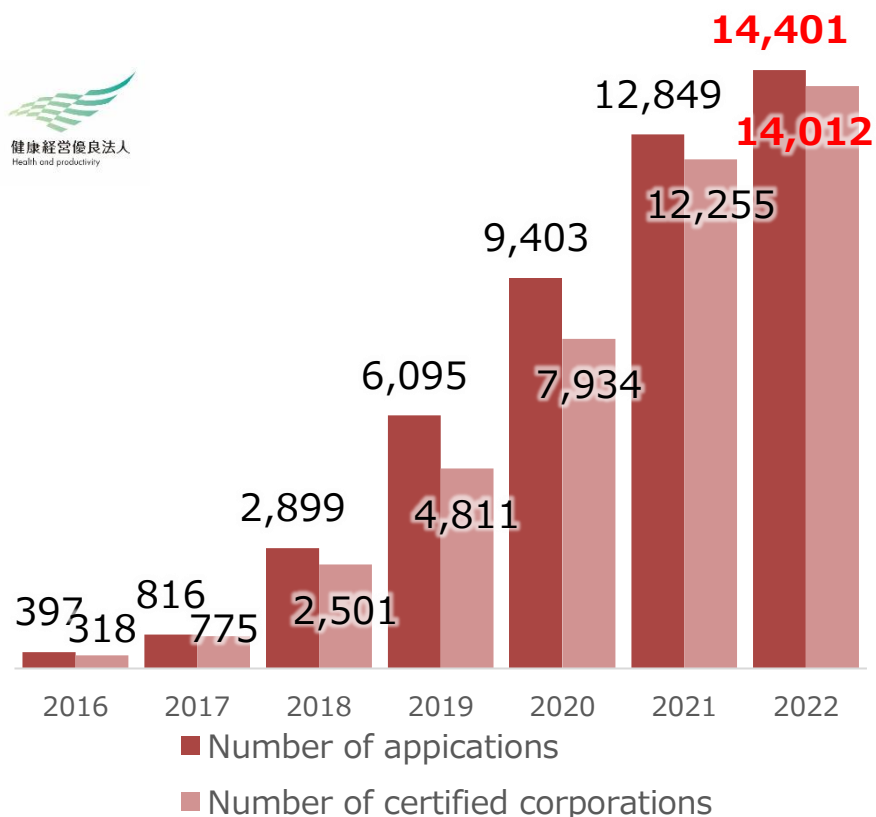
Growth of METI's H&PM Initiative in JAPAN

- Since the start of the program, the base of companies engaging in H&PM has expanded rapidly.
- In FY2022, there were a total of 17,570 applications in the large and small business categories.

Large corporations, etc.



Small and medium businesses, etc.



◆ Operated by Nikkei Inc. since FY2022.

Method for selecting enterprises under the 2023 Health & Productivity Stock Selection

- METI and TSE have jointly been selecting outstanding listed enterprises engaging in a health and productivity management program, in which enterprises focus on and strategically carry out efforts with regard to their employees' and other workers' health from a management perspective, and recognizing them as brands under the Health & Productivity Stock Selection.

<Major selection criteria>

1. Enterprises **ranking in the top 500** of all the enterprises that answered the Survey on Health and Productivity Management in terms of scores derived from the overall rating system
 2. Enterprises with an **average ROE (return on equity) that is 0% or higher for the past three years or has not declined for the past three consecutive years**
 3. Enterprises **must not have committed any serious legal violations**
- Note: Enterprises were also assessed on their **ROE**, response to the previous year's survey, and **level of disclosure of management information to the public**, and based on these factors, a certain amount of additional points were given.



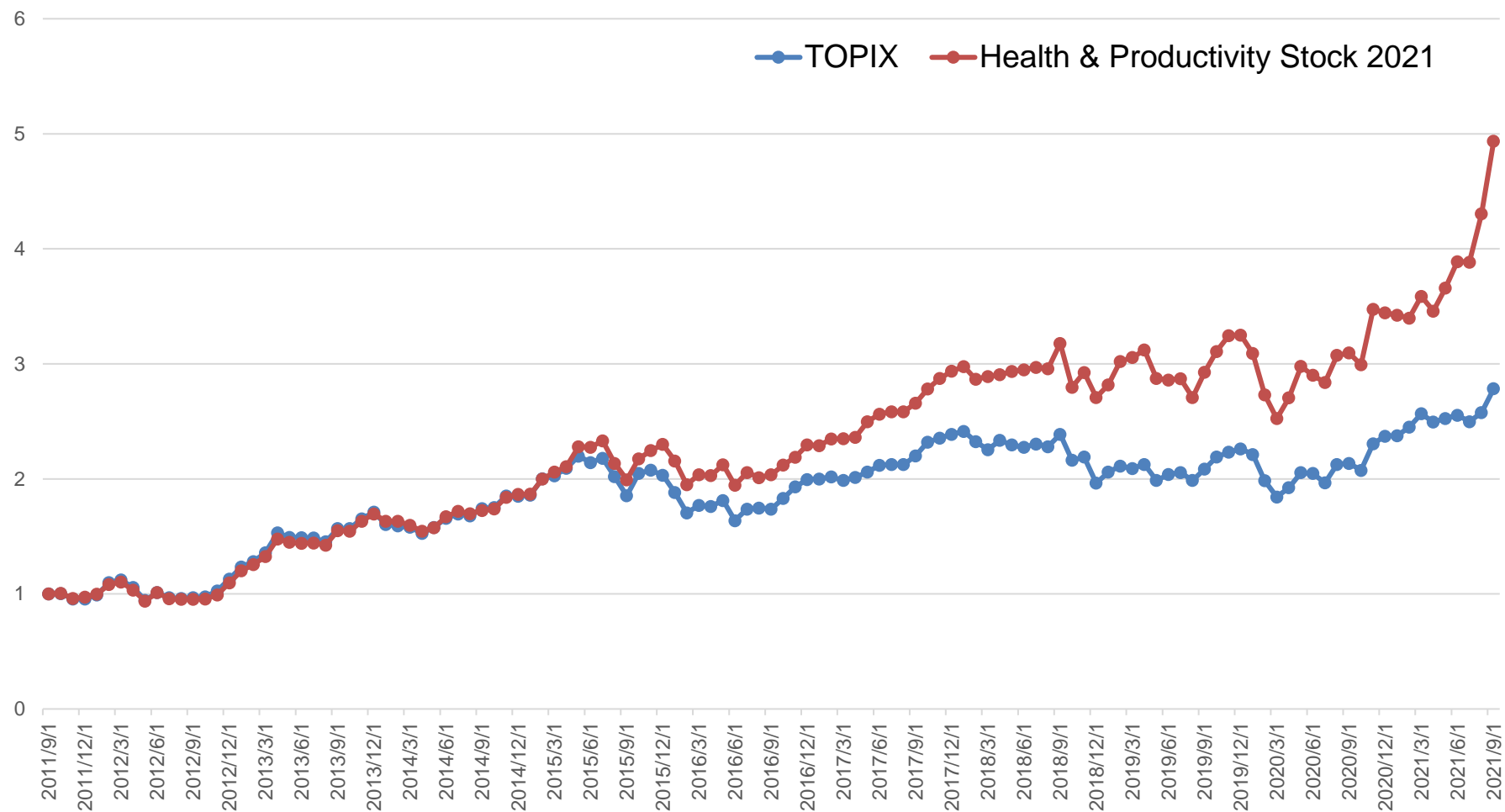
2023 Health & Productivity Stock Selection

- In March 2023, 49 companies in 31 industries were selected as “the 2023 Health & Productivity Stock Selection” for the 9th time.



Relationship between H&PM and Corporate Performance/Stock Price

- The average stock price of the companies selected for the Health & Productivity Stock Selection 2021 was compared against TOPIX over the ten years from September 2011 to September 2021.
- The stock price of the companies selected for the brand has been outperforming TOPIX.



* The index was created from these companies' closing prices as of the first day of each month until September 1, 2021, making the prices on September 1, 2011, the baseline (1.000).

* Four companies with no baseline data, such as newly listed companies, are excluded.

Collective disclosure of H&PM survey feedback sheets (evaluation results)

- Feedback sheets (evaluation results) are sent annually to companies responding to the health and productivity management Survey.
- On March 8, 2023, feedback sheets for 2,238 corporations (up 238 from the previous year) were collectively disclosed on the website“ACTION! KENKO-Keiei”.

Fixed Ver.

CODE: 9999

The Feedback sheet for the FY 2021 Survey on Health and Productivity Management (Large Enterprise category) Ministry of Economy, Trade, and Industry

Japanese Corporate Name

Sample of Evaluation Summary (Feedback Sheet)

English Corporate Name

Health insurers : Listed

Industry type : Legal professional corporation, Audit corporation, Tax accountant corporation / Public corporation / Other

Evaluation summary

Rank : 2851~2869th / 2869

Comprehensive evaluation 57.2 ↑1.0 (Last year 56.2)

※“White 500” organizations are recognized only among organizations that apply for the 2021 Certified Health & Productivity Management Organizations Recognition Program. Thus, organizations that are ranked lower than the top 500 could be recognized as White500 enterprises.

Evaluation Breakdown

Four criteria

Comprehensive evaluation

1. Management philosophy & policy

2. Organizational structure

3. Implementation of systems & measures

4. Evaluation & improvement

Management philosophy and policies

Organizational frameworks

Systems and implementation of measures

Evaluations and improvements

コード	法人名	英文法人名	上場有無	保険者名	業種名	総合順位 フラグ	総合順位	総合評価	総合偏差 値	側面1経 営理念・ 方針偏差 値
001332	株式会社 Nissui Co	Nissui Co		1 日本水産	水産・農林	1	1~50位	854.8	65.5	67.1
001333	マルハニチロ Maruha Ni	Maruha Ni		1 マルハニチロ	水産・農林	3	101~150位	831.1	63.1	66.1
013201	株式会社 Goshoku C	Goshoku C		2 神戸貿易	水産・農林	4	151~200位	440.9	44.1	41.1
001605	株式会社 INPEX COR	INPEX COR		1 帝石健康	鉱業		101~150位	818	61.8	61.1
001662	石油資源 Japan Pet	Japan Pet		1 帝石健康	鉱業		151~200位	589	58.9	51.1
000118	株式会社 Ichijo Co	Ichijo Co		2 全国健康	建設業		191~195位	481.7	48.2	48.1
000123	JFEエンジン JFE Engin	JFE Engin		2 JFE健康	建設業		7301~3501位	816.2	61.6	60.1
000288	大旺新洋 Daioh Shi	Daioh Shi		2 全国土木	建設業		11501~5501位	800.7	60.1	63.1
001092	株式会社 KOBELOCO E	KOBELOCO E		2 神戸健康	建設業		17801~8501位	572.2	57.2	58.1
001122	株式会社 IHI Plant	IHI Plant		2 IHI健康	建設業		10451~5001位	805.3	60.5	60.1
001258	大成設備 Taiseiset	Taiseiset		2 大成健康	建設業		211001~105位	554.8	55.5	57.1
001276	岩田地崎 IWATA CHI	IWATA CHI		2 岩田健康	建設業		472301~235位	443.6	44.4	43.1
001431	株式会社 Lib W	Lib W		2 健康	建設業		582751~280位	381.9	38.2	44.1
001719	株式会社 HAZAMA AN	HAZAMA AN		2 全国土木	建設業		7301~3501位	616.7	61.7	63.1
001720	東急建設 Tokyu Con	Tokyu Con		1 東京西南	建設業		221051~110位	549.4	54.9	53.1
001722	ミサワホーム株式会	ミサワホーム株式会		2 ミサワホ	建設業		8251~3001位	819.3	61.9	65.1
001723	日本電技株式会社	日本電技株式会社		1 管工業健	建設業		231101~115位	544	54.4	51.1
001775	富士古河 Fuji Fur	Fuji Fur		1 富士電機	建設業		371801~185位	487.9	48.8	47.1
001780	株式会社 YAMAURA C	YAMAURA C		1 全国健康	建設業		281251~130位	531.9	53.2	51.1

Health and Productivity management as ESG

- H&PM is positioned as “S” in ESG (environment, society, and corporate governance). Institutional investors are also moving to incorporate into ESG evaluation criteria whether or not the companies have been certified as Health and Productivity Management Organizations in Japan.
- The revised Corporate Governance Code includes caring for the employees' health and working environment. It also refers to the disclosure of information on investment in human capital in management strategy.

Positioning of Health Management in ESG investment

Environmental (E)

- climate change
- greenhouse gas (GHG) emissions
- resource depletion, including water
- waste and pollution
- deforestation



Social (S)

- working conditions, including slavery and child labour
- local communities, including indigenous communities
- conflict
- **health and safety**
- employee relations and diversity



Governance (G)

- executive pay
- bribery and corruption
- political lobbying and donations
- board diversity and structure
- tax strategy



(Source: UNPRI website)

Corporate Governance Code

Chapter II. Appropriate collaboration with stakeholders other than shareholders

[Principle 2 -3. Sustainability Issues, Including Social and Environmental Problems]

2-3① 取締役会は、気候変動などの地球環境問題への配慮、人権の尊重、**従業員の健康・労働環境への配慮**や公正・適切な処遇、取引先との公正・適正な取引、自然災害等への危機管理など、サステナビリティ（持続可能性）を巡る課題への対応は、**重要なリスク管理**リスクの減少のみならず収益機会にもつながる重要な経営課題の一部であると認識し、中長期的な企業価値の向上の観点から、適確に対処するとともに、**近時、こうした課題に対する要請・関心が大きく高まりつつあることを勘案し、これらの課題に積極的・能動的に取り組むよう検討を深めるべきである。**

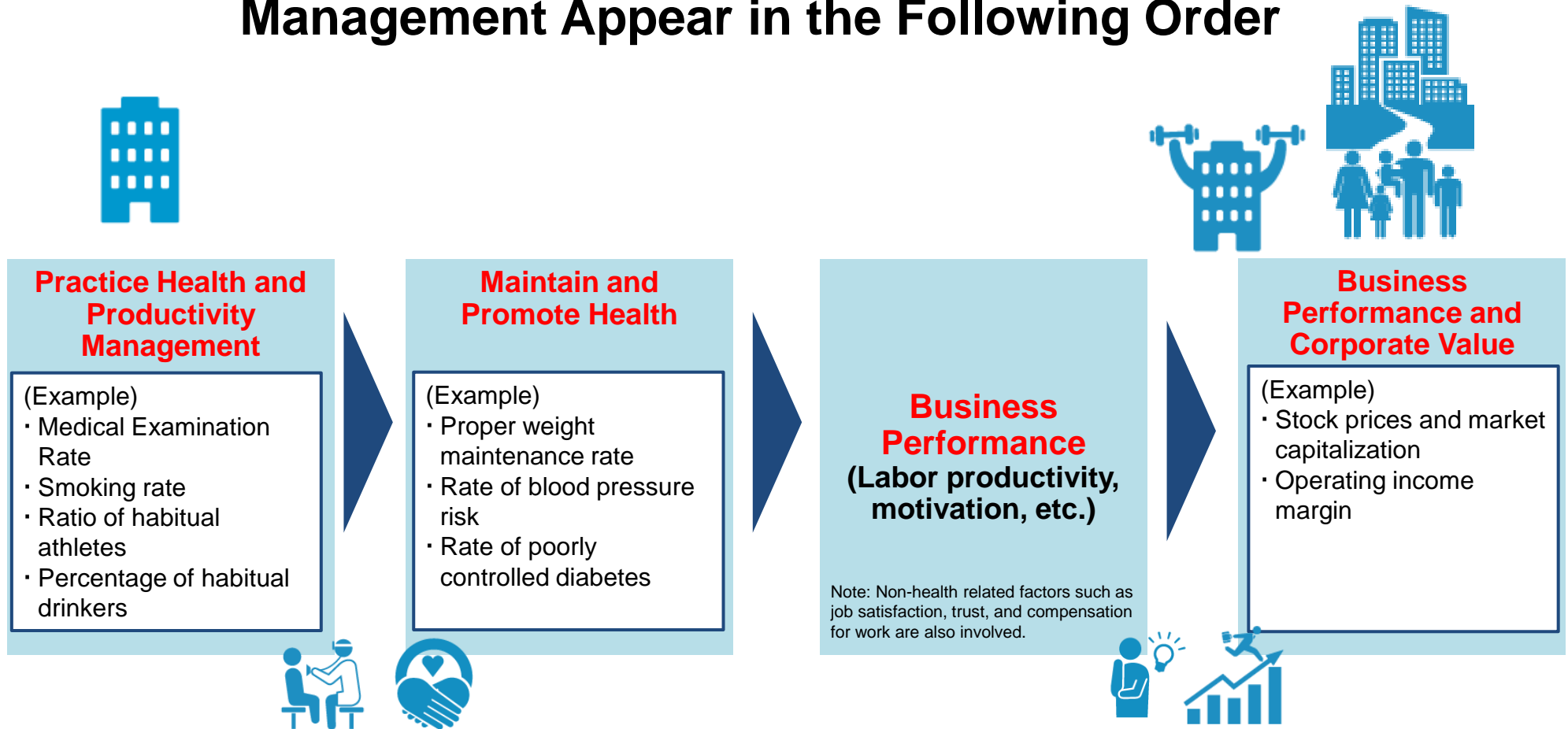
Chapter III. Ensuring appropriate information disclosure and transparency

[Principle 3 -1. Full Disclosure]

3-1③ 上場会社は、経営戦略の開示に当たって、**自社のサステナビリティ**についての取組みを適切に開示すべきである。また、**人的資本や知的財産への投資等**についても、自社の経営戦略・経営課題との整合性を意識しつつ分かりやすく具体的に情報を開示・提供すべきである。

特に、プライム市場上場会社は、気候変動に係るリスク及び収益機会が自社の事業活動や収益等に与える影響について、必要なデータの収集と分析を行い、国際的に確立された開示の枠組みであるTCFDまたはそれと同等の枠組みに基づく開示の質と量の充実を進めるべきである。

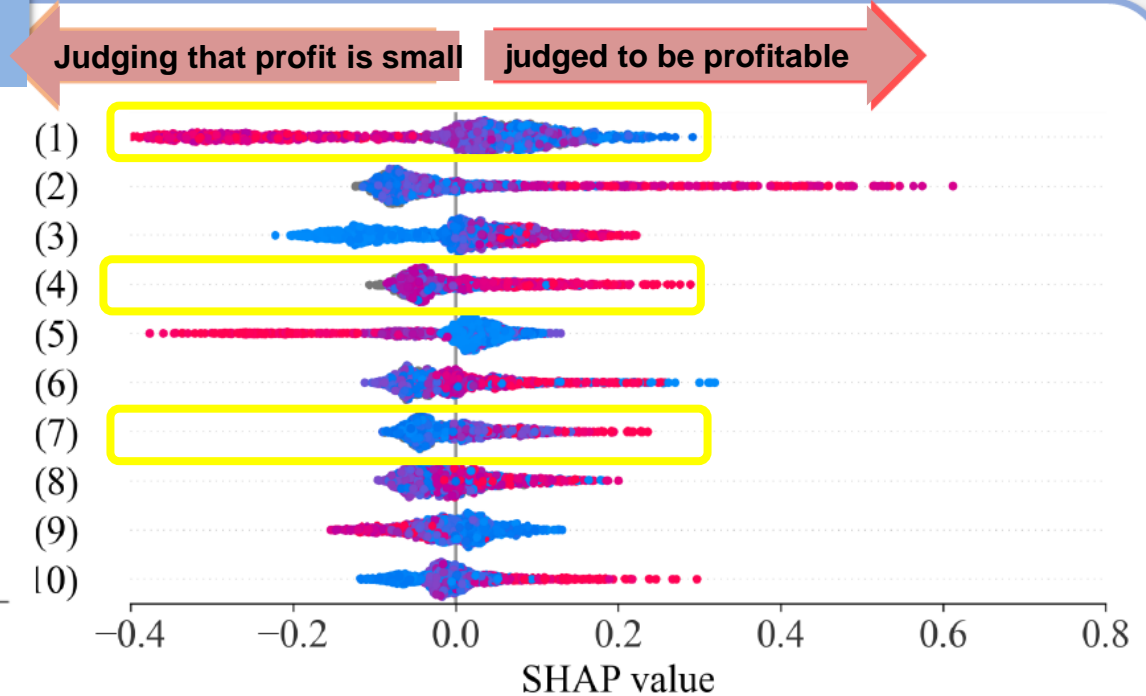
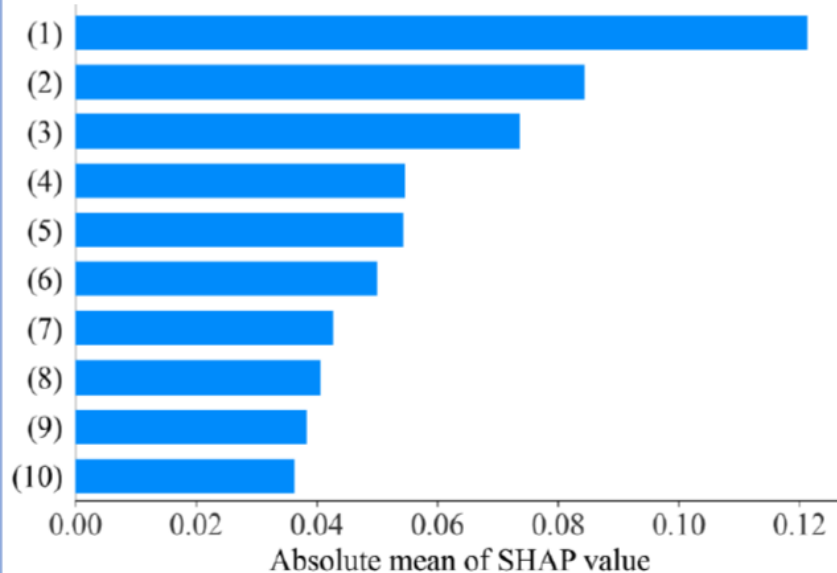
Effects of Health and Productivity Management Appear in the Following Order



Research on the relationship between H&PM and corporate performance

Items Related to a Company's Operating Income Top10

The link between corporate profits and health-related items

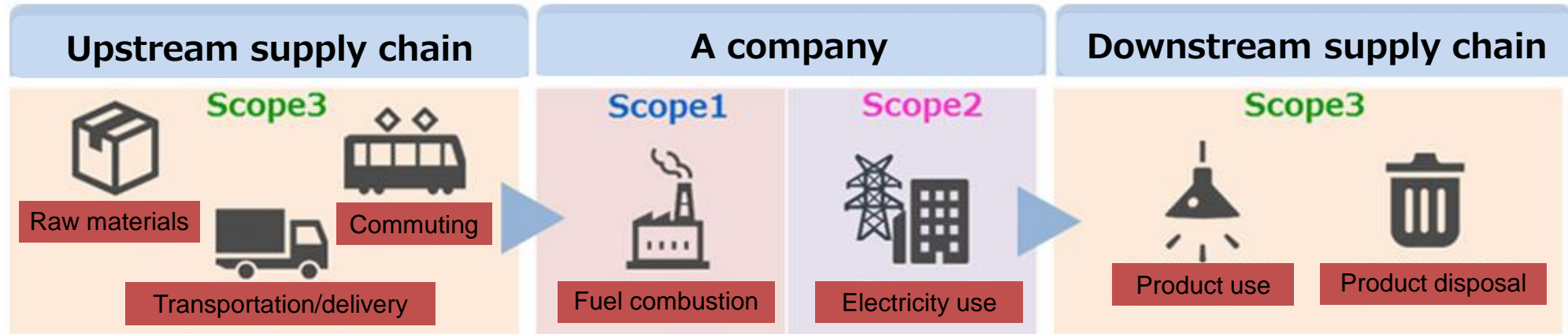


(1) Percentage of smokers (2) Insurance business expenses (3) Percentage of salespeople (4) Percentage of people getting enough rest from sleep (5) Percentage of distribution, sales and service jobs (6) Medical expenses (7) Percentage of habitual partitioners (8) Statutory benefit fee (9) Number of job levers (10) Percentage of other departmental positions

“The associations of the national health and productivity management program with corporate profits in Japan”
<https://www.e-epih.org/journal/view.php?doi=10.4178/epih.e2022080>

Expanding the Scope — Analogy from the environment (E)

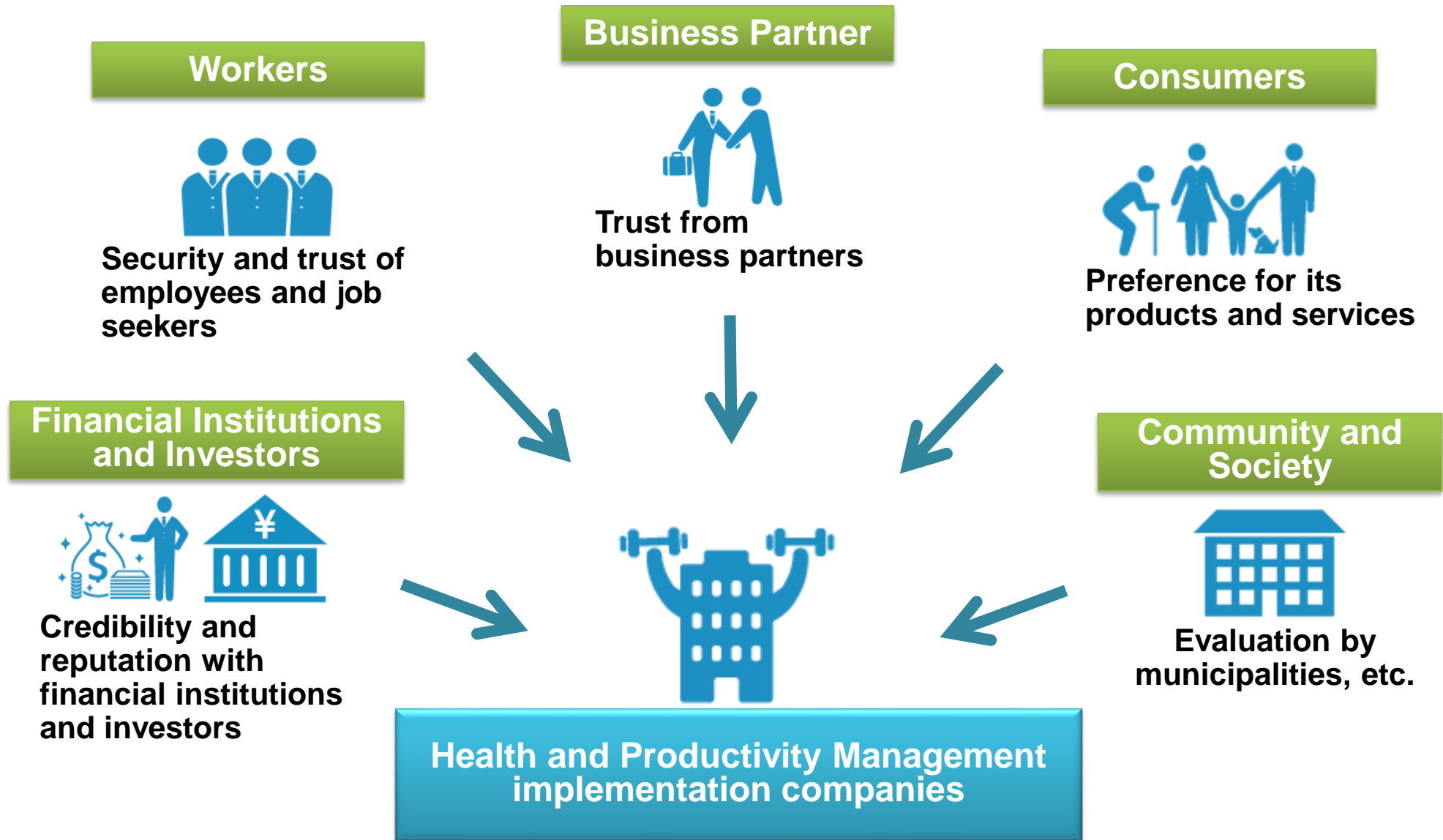
- In assessing the E of ESG, there is a trend to consider not only the direct emissions of greenhouse gases by the company itself (Scope 1) but also the indirect emissions (Scope 2) and decarbonization of the entire supply chain and business activities (Scope 3).



(Source: “Green Value Chain Platform” of the Ministry of the Environment website)

The scope of Health & Productivity Management should also cover the “supply chain” and “society”.

Benefits of Health and Productivity Management in relationships with stakeholders



Examples of Overseas Corporate Health Information Disclosure



The Workforce Disclosure Initiative, which was launched by institutional investors around the world in 2017 with financial support from the UK government, sends questionnaires to major companies worldwide, asking them to answer questions about their health, wages, diversity, and human resource development.

(53 institutional investors with a total of \$7 trillion under management are participating)

Number of responding companies in 2020

More companies each year are submitting data to the Workforce Disclosure Initiative. In 2020, 141 companies completed the WDI survey, an increase of 20 per cent compared with 2019.



- The number of respondents increased from 34 in 2017 to 141 in 2020. (Respondents were mainly from the U.K. (55 companies), France (17 companies), and the U.S. (16 companies), and three Japanese companies also responded.)

- Health questions include:

- A corporate strategy for identifying and managing health and safety risks in the workplace.
- Number and change of work-related accidents
- A system for managing and reporting on mental health, including sick days.
- Provision or non-provision of employee programs for health and well-being and its specific examples.
- COVID-19 response (e.g., sick leave for employees who are not feeling well and economic protection at that time)

- According to the 2020 survey, 40% of the companies responded that “health, safety, and wellbeing” are “significant human rights issues.”

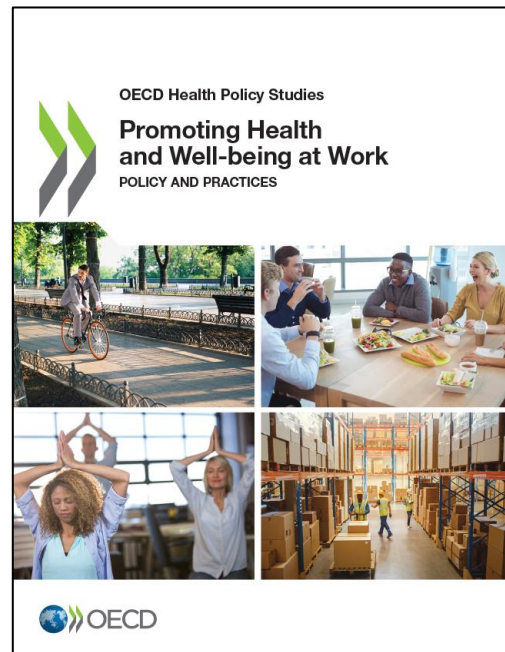


International dissemination of information on health and productivity management

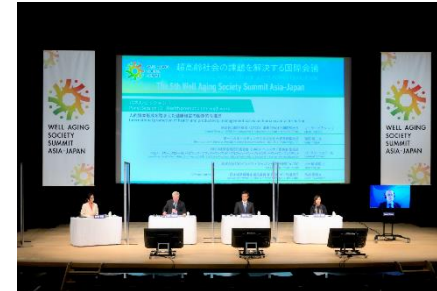
- The spread of "H&PM(health investment in the workplace)" will lead to the improvement of individual vitality, sustainable growth of business and society, and the development of related industries such as healthcare.
- Japan will lead discussions in this area, and international events and research projects by the OECD will be conducted to foster international momentum, strengthen partnerships with other countries, and enhance Japan's presence (contributing to the acquisition of human resources and investment, etc.).

Publication of research projects by OECD

- ◆ At the 5th WASS, the OECD Department of Employment, Labor and Social Affairs introduced the research project "**Promoting Health and Well-being at Work**," which was released on the same day.
- ◆ The report summarizes the needs for and examples of prevention and health promotion in the workplace, policy instruments of national governments to encourage it, and initiatives to promote information disclosure from an ESG and human capital investment perspective.



5th Well Aging Society Summit Asia-Japan



- ◆ On November 22, 2022, a session on H&PM, "**International promotion of Health and Productivity Management based on Human Capital Formation**" was held at the 5th WASS International Event.
- ◆ Attended by leaders of companies engaged in Health and Productivity Management, investors, and international organizations, the session discussed Health and Productivity Management initiatives as a foundation for human capital, services to support corporate health and productivity management, and evaluation in ESG investment.

(Reference) Outline of OECD Research Project

- At the 5th WASS “Health and Productivity Management Session”, the Department of Employment, Labor and Social Affairs released an international research report, “Promoting Health and Well-being at Work”.

◆ investigative body

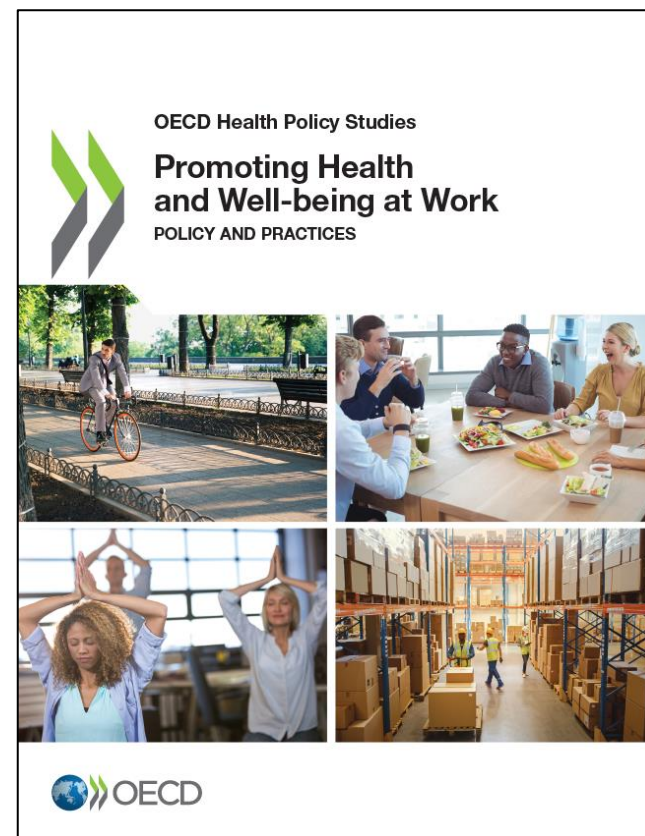
Health Care division, Employment, Labor and Social Affairs Department, Organization for Economic Cooperation and Development (OECD)

◆ Date of publication November 22, 2022

◆ Overview

The study examined the impact of work on employee health and wellbeing, the potential for intervention in the workplace, government policy instruments in the G7 and three Asia-Pacific OECD countries, the importance of employee health promotion from the perspective of human capital and ESG investors, and initiatives related to information disclosure.

※As for Japan’s Health and Productivity Management initiatives, the report introduces several of government-led certification and award programs at the national and local levels, and the "Health Management Award Program" launched by the Ministry of Economy, Trade and Industry is the largest award and certification program among the 10 countries covered in the survey.



(Reference) International Information Dissemination

- On November 22, 2022, we held a session on "International Propulsion of H&PM based on Human Capital Formation" at 5th Well Aging Society Summit Asia-Japan .

◆ Mr. Mark Pearson / Deputy Director, Department of Employment, Labor and Social Affairs, OECD

- Workplace health programs lead to employment and productivity improvements equivalent to an increase of 37,000 full-time workers per year. This means a return of \$4 for every \$1 invested.
- It is important for companies to disclose what they are doing, and if the indicators can be aligned, it will help investors make decisions.

◆ Mr. Seiji Inagaki / President, Dai-ichi Life Holdings

- This is the era of VUCA, and employees need to be positive and resilient. We also see it as our mission to support H&PM not only for our employees, but also for our customers and society.
- There is growing momentum to view employee health as a corporate value, and Dai-ichi Life incorporates "H&PM stocks" as an important ESG factor in screening.

◆ Ms. Mari Ogiso / Co-CEO, SDG Impact Japan Inc.

- Five years ago, "diversity" was not a focus much. Now, it has become an indicator that is attracting attention as evidence related to corporate value has increased. Similarly, "health" will become an indicator of interest in the future.

◆ Mr. Laurent Scherr / Vice Chair, Healthcare Committee, OECD Business and Industry Advisory Committee (BIAC) (Vice President, Pernod Ricard Global Public Affairs and Alcohol in Society)

- It is important that the public and private sectors work together to effectively and efficiently promote the health and wellbeing of the population. Japan's "H&PM Award System" is a good example of this.

◆ Ms. Kaori Takahashi, Editorial Writer, Nikkei Inc. and News Director, Nikkei CNBC *Moderator

- The OECD research project "Promoting Health and Well-being at Work," which was released on the same day, was also introduced.

Overview

Date	Nov. 22, 2022 (Tue) 15:00~16:30
Venue	Iino Hall & Conference Center
Host	METI



Growing international interest in health

Tokyo Nutrition for Growth (N4G) Summit 2021 7th December (Tue.)

“Workplace Health Investment as a Corporate Strategy -Potential of Health and Productivity Management”

□ Opening speech by Minister of Economy, Trade and Industry, HAGIUDA Koichi,

- By strengthening the disclosure of such information, we're working to improve the environment so that all stakeholders, including local communities and investors, can evaluate health management initiatives of companies.
- Health and Productivity Management (H&PM) regards people as a source for a competitive advantage of business to promote health of the employees. Japan has been a pioneer in this field, and will continue to promote the benefits of health management to the world.



◆ NISHII Takaaki / Ajinomoto Co., Inc, Representative Executive Officer, President & CEO

- I would like to propose a contribution to the supply chain. Our business uses agricultural products from emerging countries for its raw materials, and in order to ensure a sustainable supply of these products, I think it would be good to spread H&PM as part of the support of agricultural workers further up the supply chain.

◆ Boris Moutier / AXA, Japan and Asia Chief Investment Officer

- As part of our AXA comprehensive ESG approach to all our investment, health at work place is an important component of “S”. Health and Productivity Management is precisely a consideration when we review investment opportunities.



◆ Ulrik Vestergaard Knudsen / OECD, Deputy Secretary-General

- Efforts to improve employee health improve the company's productivity and make employees happy and healthy. It's a win-win-win.

High Level Sessions

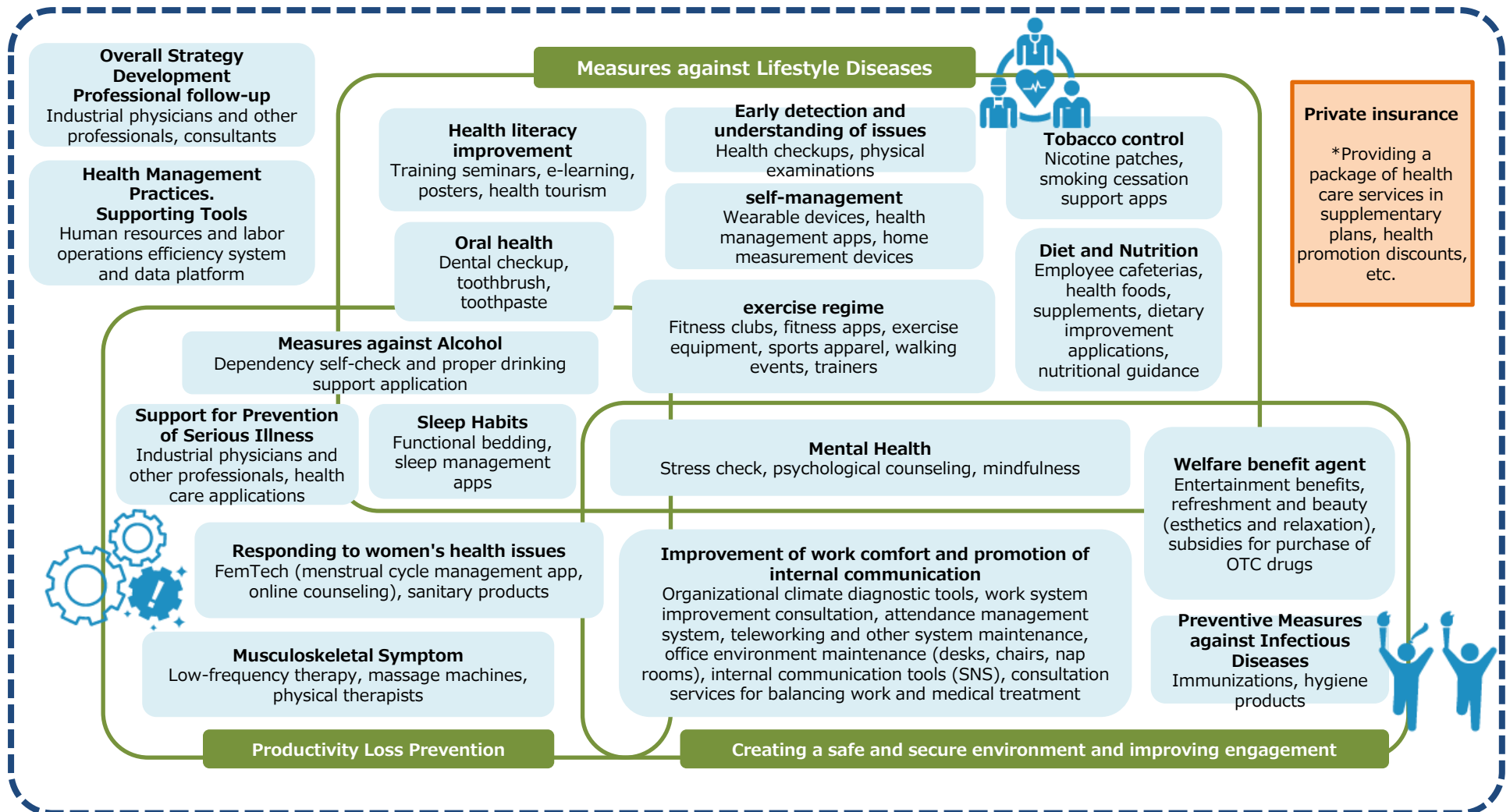
□ Opening speech by Prime Minister, KISHIDA Fumio

- Japan is also determined to further improve the nutritional status of its people by promoting nutritional and environment-friendly dietary life, balanced diets, and health and productivity management, while also taking advantage of innovation, digitalization, and science and technology.



Utilization of Services in H&PM (Image)

- Under the concept of “investment in employees,” service providers → H&PM companies business opportunities expand .
- Improved health literacy, etc., service providers → will spill over to even individual employees and their families.
- Service linkage with private insurance supplemental plans, health promotion discounts, etc. is also possible.



*The above service is an example.